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CENTRAL INTELLIGENCE AGENCY 25X1 REPORT

INFORMATION REPORT

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SUBJECT VVB RFT

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VVB RFT (Radio and Telecommunications Industry), Leipzig, [redacted] report gives the organizational structure of the VVB RFT and its operational development, and contains analyses concerning the production, financial plans, critical materials, waste, employees, sales, cost prices, general repair, expenditure investments and research and development projects.

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Development in 1951

Percentage participation of the production-specialty plant groups in the fulfillment of the quota for development work.

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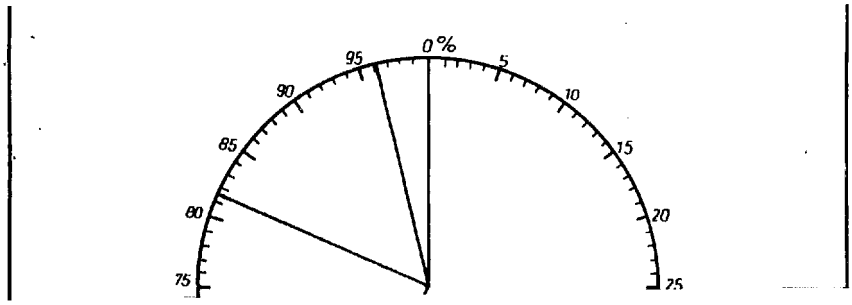

(TDM = thousands of Deutsche marks)

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Development Work Performed by the Production-Specialty Plant Groups

	Quota "A" in TDM	% Share in Plan	Fulfillment in TDM	% Fulfillment of Quota "A"
Radio Engineering	1553.8	56.8	1439.5	92.6
Electrical Signaling Equipment	679.0	24.8	595.0	87.6
Structural Units	403.0	14.7	269.0	66.7
Construction of Installations	100.0	3.7	100.0	100.0
Total	2735.8	100.0	2403.5	88.0

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[redacted]

As of 31 December 1951, the quota for major installations was 93.7 percent fulfilled.

The quota was not met because of the delay in furnishing the Freiberg Condenser Plant with investment funds. Another reason was that the Berlin Baubetreuung(Building Control ?) did not meet its obligations in connection with the Stern Radio project in Berlin-Weissensee.

The procurement of radiators and transformers was not possible, since these apparatuses were supplied only for priority programs of the Ministry of Machine-Building.

The surplus remaining from investments scheduled for 1951 was assigned to special account "M". The projects will be realized in full by the end of the first quarter of 1952.

Because the investment funds were authorized at too late a date, the plants could not achieve the output provided for by the plan.

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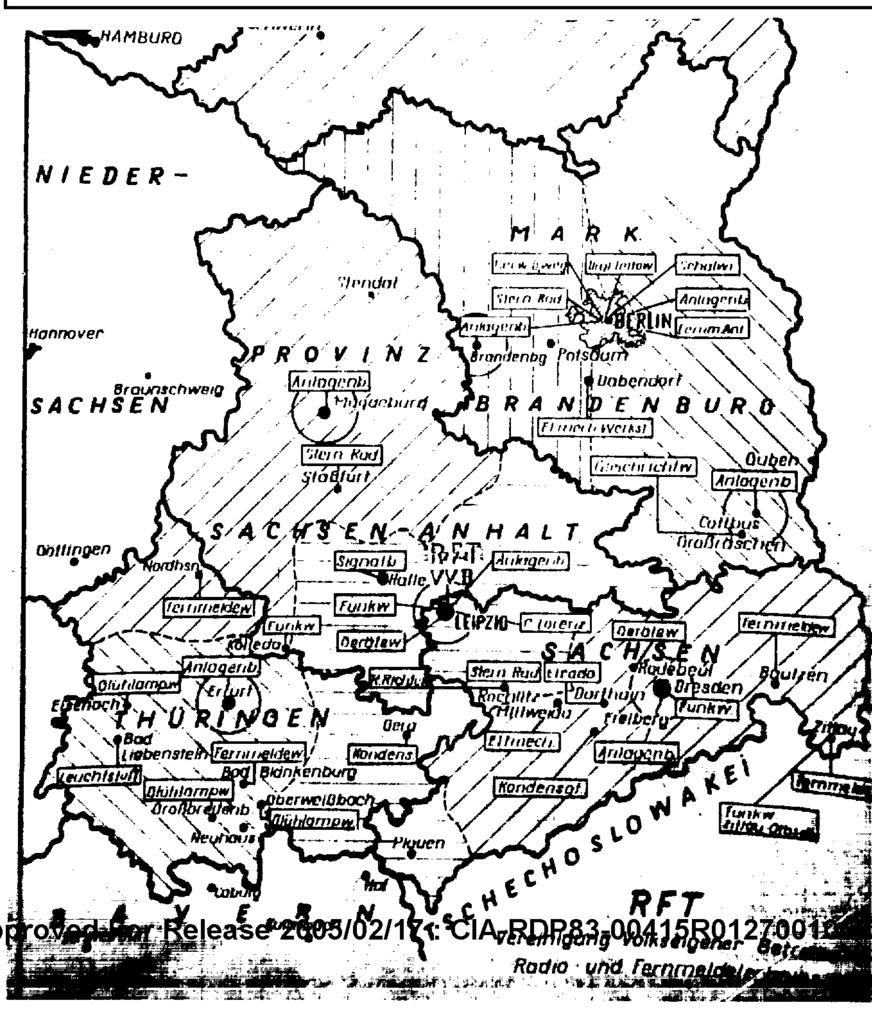

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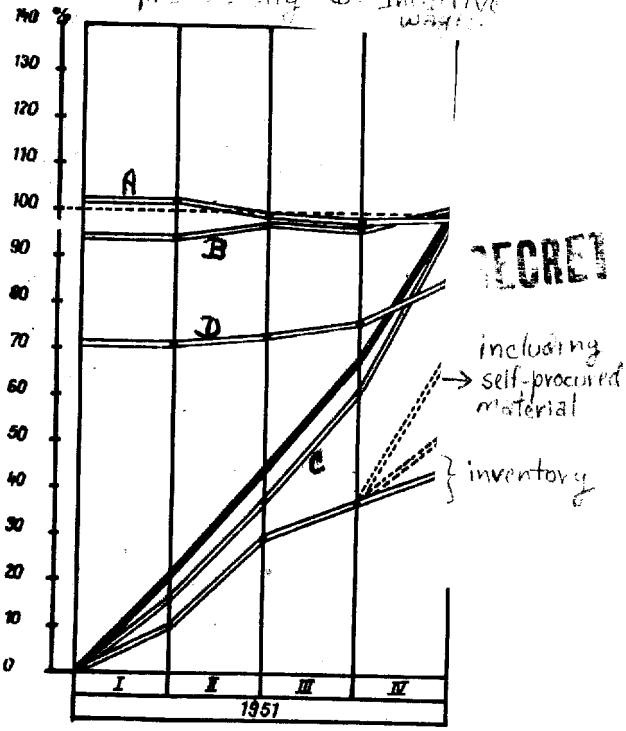
Graph I

Fulfillment of the Plans in %

Production A = Manpower C = Sales

Material B = Work productivity D = Incentive wages



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1951 Investments

Values are for the period 1 January-31 December 1951.

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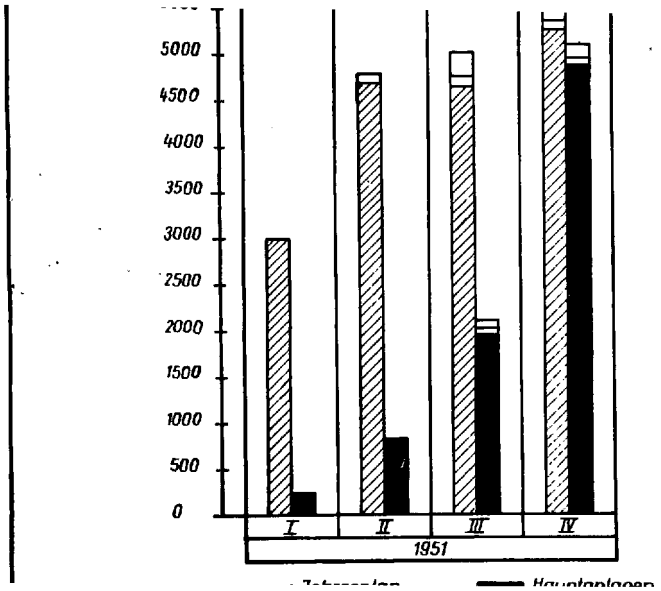

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Annual Plan
Financial Fulfillment
Major Installations
New Personnel
Social Investments

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Investments in Thousands of Deutsche Marks since 1 January 1951

	Major Installations	%	New Personnel	%	Social Investments	%
1st Quarter						
Quota	3054.8	-	-	-	-	-
Actual	244.6	8	-	-	-	-
2nd Quarter						
Quota	4701.2	-	95.0	-	9.0	-
Actual	835.0	17.8	18.5	19.5	5.0	55.5
3rd Quarter						
Quota	4677.7	-	120.0	-	199.5	-
Actual	1977.6	42.3	78.3	65.2	59.6	29.9
4th Quarter						
Quota	5280.8	-	104.0	-	205.1	-
Actual	4888.9	93.7	99.8	96.0	153.2	81.6

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Research and Development in 1951

Development Quota "A"

Fulfillment

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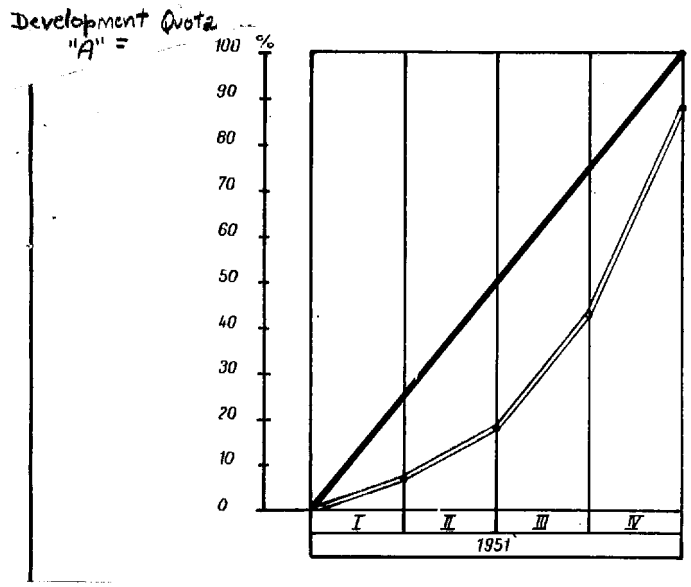

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Research and Development in Thousands of Deutsche Marks

	Quota A	Fulfilled	% of Annual Quota
1st Quarter	777,0	202,0	7
2nd Quarter	826,5	490,0	18
3rd Quarter	1404,5	1183,0	43
4th Quarter	2735,8	2403,5	88

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In comparison with 1950, it was possible to effect a 10 percent reduction in the amount of rejects.

The curve on the graph indicating the percentage of rejects in 1951 ascends because after the second quarter, suitable starting materials were not available; for example, selenium slag(Schlackenselen) had to be used instead of pure selenium for rectifiers, and special enamel had to be replaced by a less suitable enamel for resistors.

The required measuring and testing devices could not be purchased because the necessary investment funds were not on hand.

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1951 Rejects in Percent of Production Costs.

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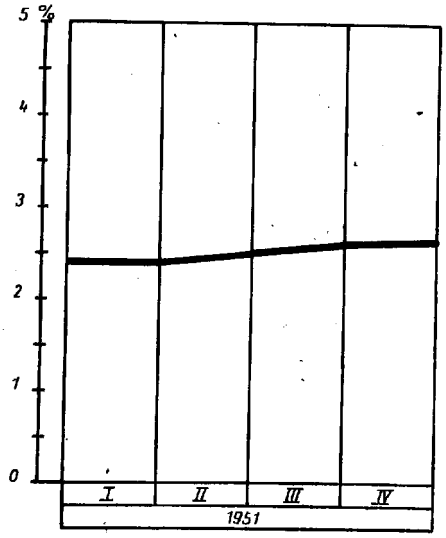
Values are for the period 1 January – 31 December 1951.



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Rejects since the beginning of 1951 (in thousands of Deutsche marks)

	Production Costs	Cost of Rejects	%
1st Quarter	16923	471	2,7
2nd Quarter	34815	903	2,5
3rd Quarter	53425	1397	2,6
4th Quarter	75682	2011	2,65

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The material plan was not on a realistic basis, since the consumption norms could be utilized to a limited extent only at the time when the 1951 requirements were determined. Furthermore, at the time of determination of the 1951 requirements, the "Typenfeinplan" [breakdown of the plan according to individual types?] was not yet definitely established in all details. On the average, only about 70 percent of the allocations could be furnished to the VVB RFT plants. However, other means of procurement compensated for these shortages.

Critical materials in short supply were replaced by substitute materials; for example, high-grade drawn sheet and deep-drawing sheet were replaced by thin plate, high-grade automatic steel by bar steel of inferior quality. Only 50 percent of the required pure tin and soldering tin was available, but it was possible to replace soldered joints with welded joints.

Work analyses resulted in savings in tin in connection with the production of incandescent lamps and rectifiers.

The shortage of 7 μ foil had an unfavorable effect, since the Merseburg Aluminum Rolling Mill did not produce according to plan. In addition, authorization for import allocations was refused by the State Secretariat for Material Procurement at the beginning of the year, and it was not until the third quarter of 1951 that import allocations in the amount of 20 tons were approved. By that time, it was no longer possible to procure these 20 tons through regular trade agreements or other import possibilities.

The procurement of enameled wire, copper and blank screws for winding, constituted major difficulties for the VVB RFT plants. Bolted joints were replaced to some extent by riveted joints or welded joints.

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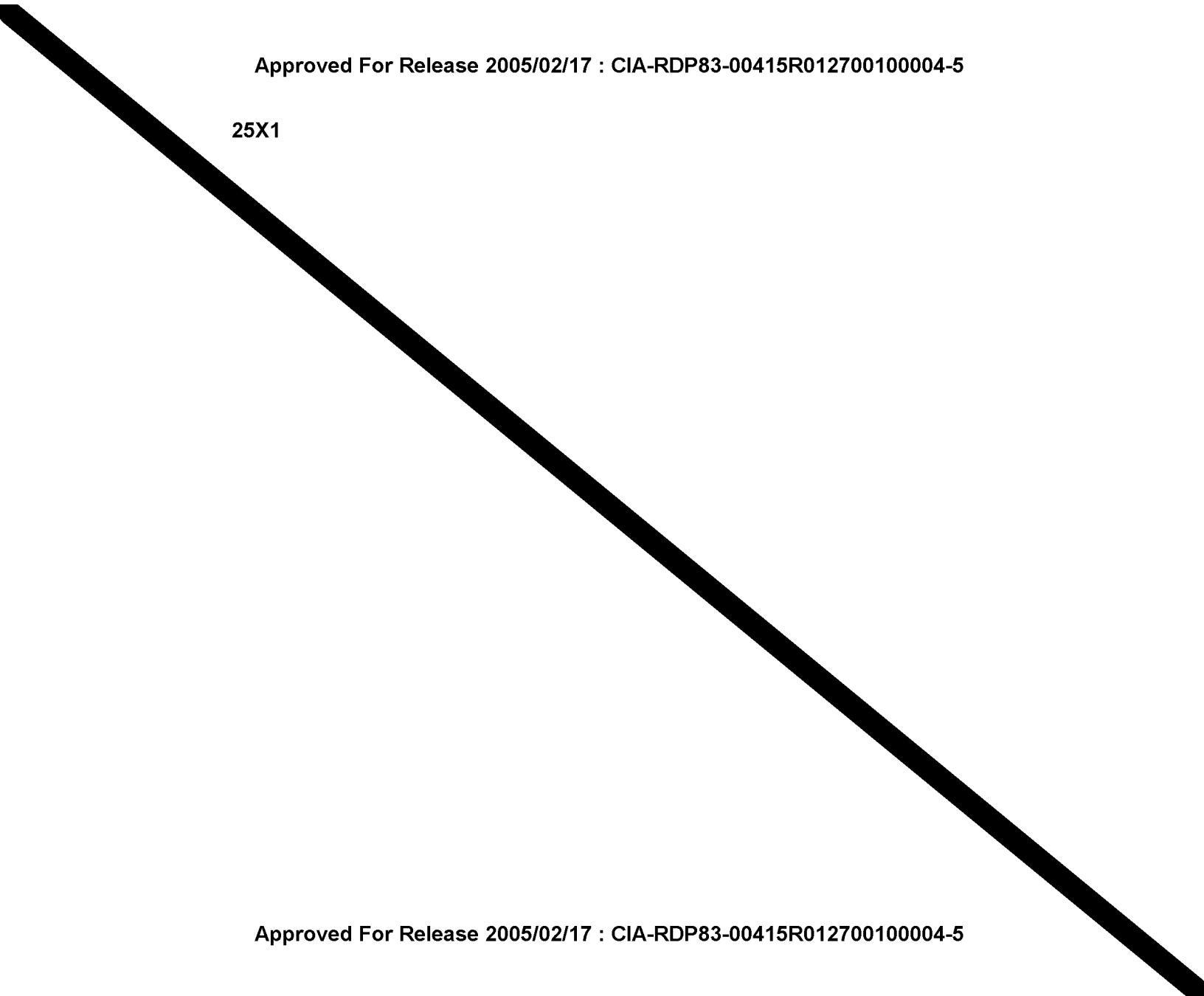

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Self-procured Critical Materials in 1951 (continued)

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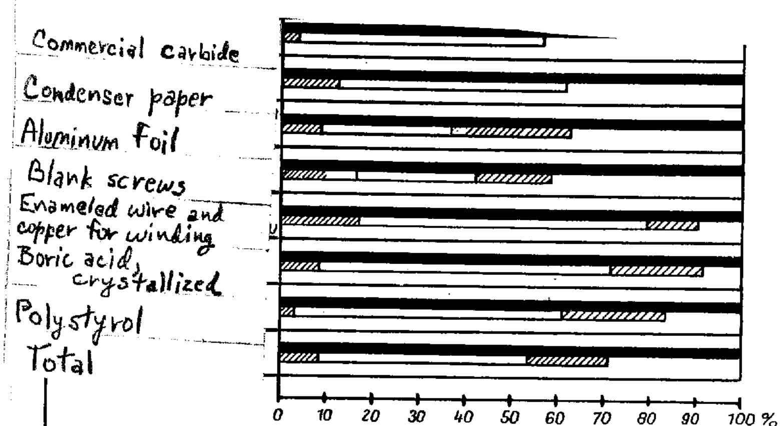

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VIB RPT

Self-procured Critical Materials in 1951
[Materials not covered by allocations]

2nd report of requirements ▭ Realized allocation
▨ Inventory stock ▨ Self-procured material

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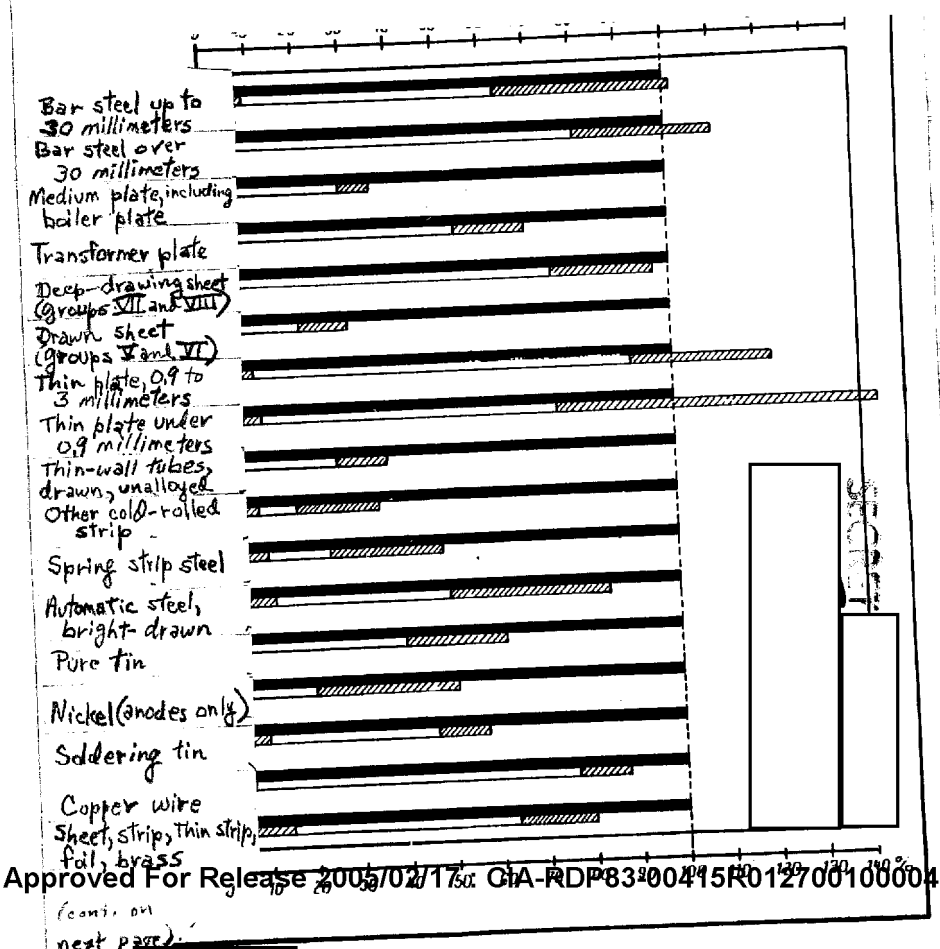

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Breakdown of figures on Critical Materials in 1951

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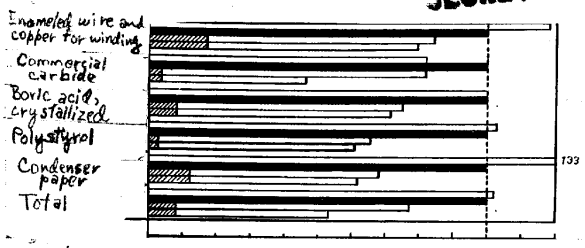

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Breakdown of Figures on Critical Materials in 1951

Designation of Material	Unit of Quantity	1951 Requirements 1st report of requirements	%	2nd report of requirements	Allocations	%	Realized	%	Self proc		
Bar steel up to 30 millimeters	ton	180.0	138	130.9	106.3	81	71.1	54	50.4		
Bar steel over 30 millimeters	"	193.7	104	185.5	209.5	113	137.8	74	55.7		
Medium plate, including boiler plate	"	59.0	42	140.3	37.1	26	37.1	26	9.1		
Transformer plate	"	637.7	68	941.3	602.0	64	451.7	48	144.8	15	
Deep-drawing sheet (groups VII and VIII)	"	365.6	203	180.1	148.3	82	122.8	68	40.5	23	
Drawn sheet (groups V and VI)	"	635.0	69	923.9	377.0	41	136.6	15	99.2	11	44
Thin plate, 0.9 to 3 millimeters	"	648.7	182	356.6	596.0	167	291.5	82	108.7	30	33..
Thin plate under 0.9 millimeters	"	23.3	76	30.5	29.3	96	19.5	64	21.0	69	3.3
Thin-wall tubes, drawn, unalloyed	"	3.2	39	8.3	8.6	104	2.0	24	0.9	11	0.2
Other cold-rolled strip	"	30.2	205	14.7	1.2	8	1.2	8	2.6	18	1.4
Spring strip steel	"	13.1	291	4.5	4.3	96	0.6	13	1.1	24	0.5
Automatic steel, bright-drawn	"	282.4	136	208.3	123.3	59	78.2	38	72.8	35	25.8
Pure tin	"	4.5	90	5.0	1.9	38	1.9	38	1.1	22	0.1
Nickel (Anodes only)	"	44.1	158	2.6	0.8	31	0.5	19	0.8	31	0.03
Soldering tin	"	43.3	89	48.9	19.3	39	17.7	36	5.4	11	4.9
Copper wire	"	75.1	153	49.1	60.9	124	34.3	70	5.5	11	3.2
Sheet, strip, thin strip, foil, brass[?]	"	419.6	115	364.2	202.2	56	176.5	48	61.0	17	53.9
Aluminum foil	"	75.5	76	99.7	75.8	76	28.0	28	25.8	26	8.5
Blank screws	"	78.3	92	84.9	35.2	42	21.8	26	14.1	17	13.8
Enameled wire and copper for winding	"	440.0	118	373.0	251.8	67	233.9	83	40.3	11	63.2
Commercial carbide	"	46.8	82	57.0	44.4	78	24.3	43	-	-	2.1
Boric acid, crystallized	"	30.0	100	30.0	20.0	67	19.0	63	6.0	20	2.5
Polystyrol	"	41.0	103	40.0	25.0	63	23.2	58	9.0	23	1.2
Condenser paper	"	192.9	133	145.2	81.1	56	72.0	50	-	-	17.7
Total		452.0	102	4424.5	3081.3	69	2003.2	45	775.8	18	365.2

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Breakdown of Figures on Procurement of Critical Materials in 1951

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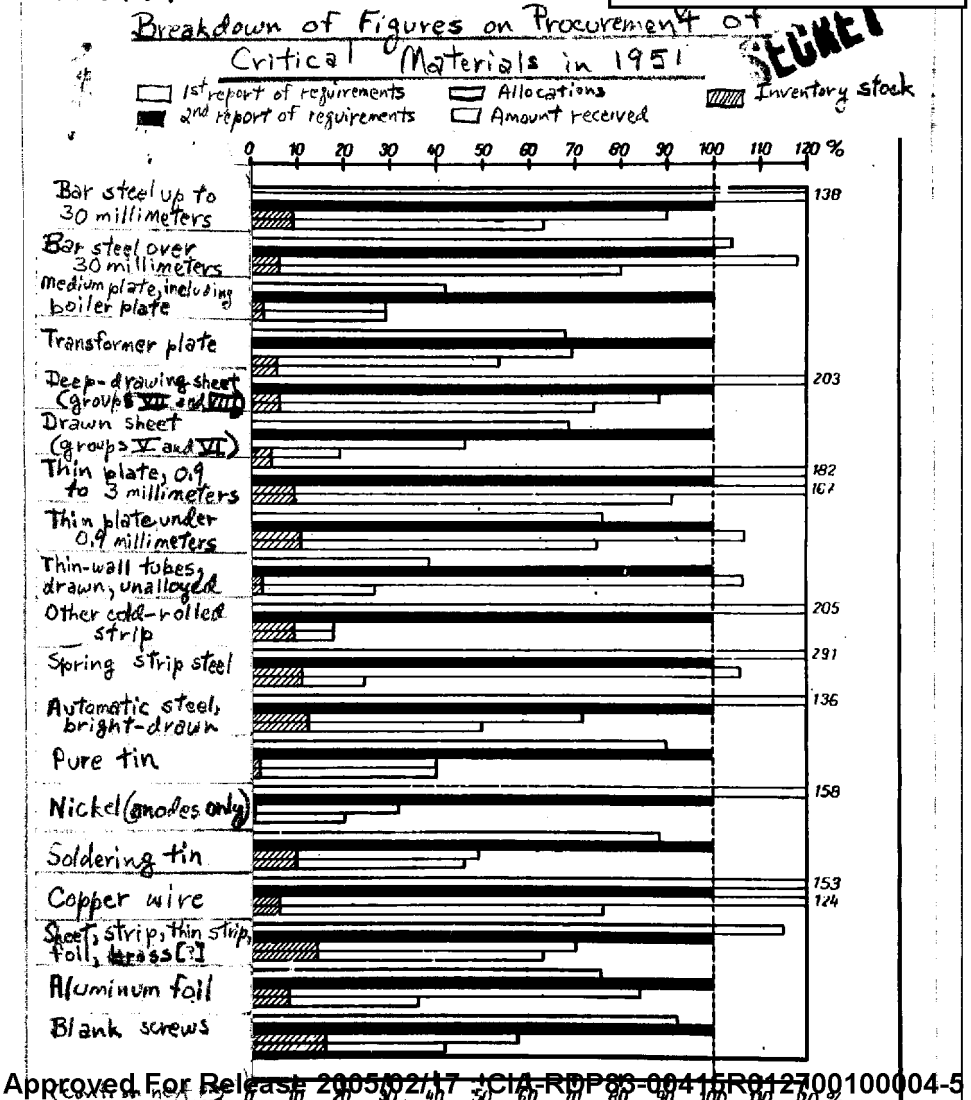

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Total Figures on Procurement of Critical Materials in 1951

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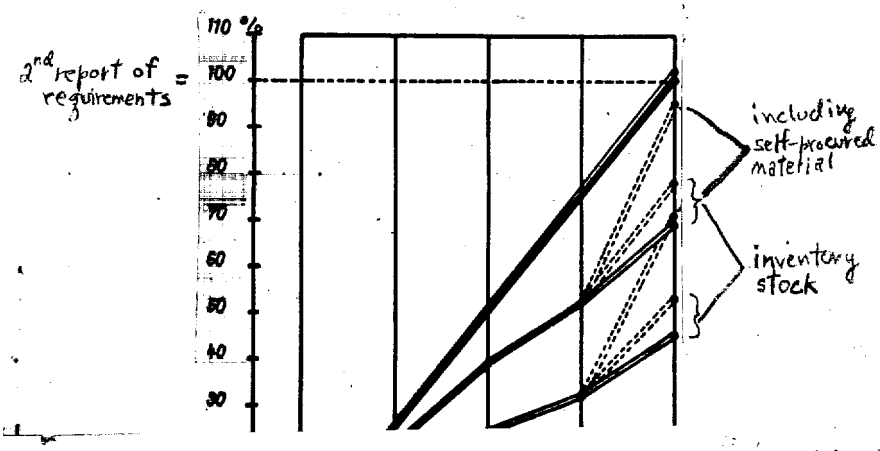
Values are for the period 1 January–31 December 1951.



Total Tonnage Figures for Critical Materials

	Unit of Quantity	1951 Requirements 1st report of requirements	%	2nd report of requirements	Allocations in tons	%	Quantity Received in tons	%
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1st Quarter	ton	4523.0	102	4424.5	912.7	21	421.2	10
2nd Quarter	ton				1714.2	39	1070.9	24
3rd Quarter	ton				2315.9	52	1432.2	32
4th Quarter	ton				3061.3	69	2003.2	45
	ton	Inventory stock =			365.2	8.2	365.2	8.2
	ton	Self-procured material =			775.8	18	775.8	18

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The 1951 production plan was 101 percent fulfilled by the VVB RFT. This fulfillment was made possible by the special competition initiated in the fourth quarter of 1951.

The results achieved in the following production-specialty plant groups differed from the above over-all results.

a) Communications Equipment - 90 percent fulfilled.

One of the factors which contributed towards nonfulfillment of the quota was the inadequate production of carrier-frequency apparatuses(at the Bautzen Telecommunications Plant). The confused situation with respect to orders necessitated placing a request for a reduction in orders, which, however, was not granted by the MfM (Ministry of Machine-Building). For this reason, a 100-percent fulfillment of the quota for communications equipment was not possible.

b) Structural Units - 89 percent fulfilled.

The quota figure was not met because of the lengthy delay in the provision of investment funds, which had been requested at the proper time, for the Freiberg and Teltow Plants.

Furthermore, there was a particularly acute shortage of aluminum foil and carbonyl iron powder.

Overfulfillment of their quotas by other production-specialty plant groups made up for the above-specified failures in fulfillment.

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1951 Production

Gross production in new constant prices

Proportionate participation of the individual production-specialty groups.

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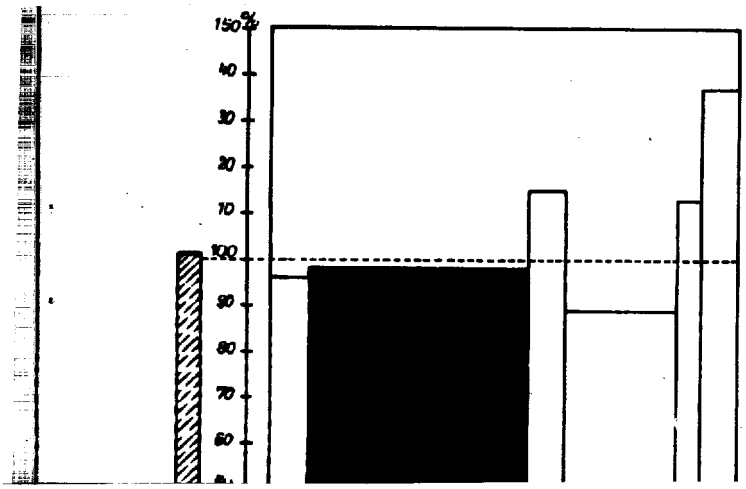
Status as of 31 December 1951.



Percentage participation of production-speciality plant groups in the fulfillment of of the Plan.

1951 Production in Thousands of Deutsche Marks

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Production Specialty	Plan Quota	%Share in Plan	Production Fulfillment	% Share in Production	Fulfillment in %
Communications Equipment	15538	8	14856	7.6	96
Radio Engineering	91056	46.6	88936	45.0	98
Electrical Signaling Equipment	15529	8	17783	9.0	115
Structural Units	47504	24.3	42447	21.8	89
Vacuum Technique	10484	5.4	11838	6.1	113
Construction of Installations	15039	7.7	20569	10.5	137
Total for VVB RFT	195150	100.0	196429	100.0	101

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1951 Production

Gross production in new constant prices

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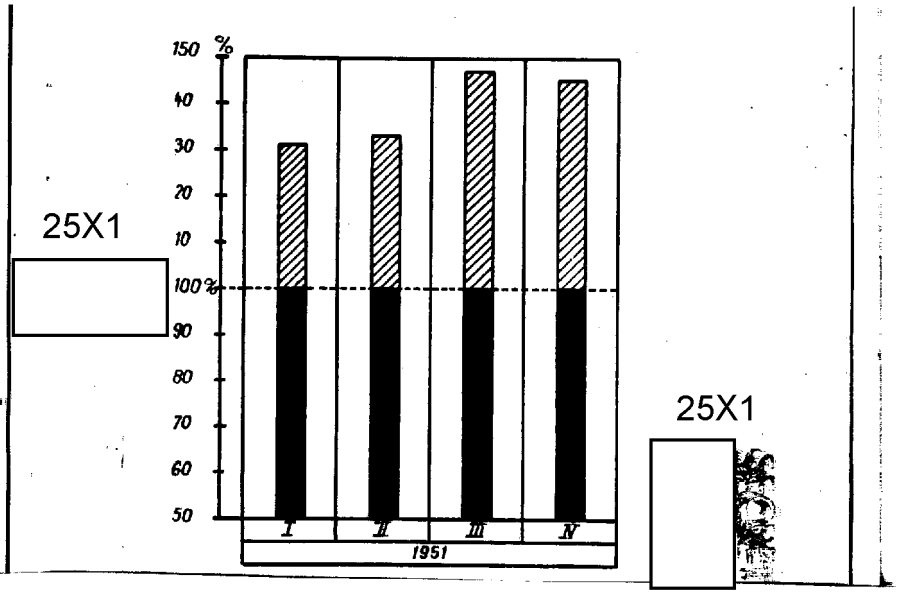
Comparison showing increase over 1950

Values are for the period 1 January-31 December for each year



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Gross Production in Thousands of Deutsche Marks

	1950	1951	Increase in %
1st Quarter	31201	40754	131
2nd Quarter	65120	86719	133
3rd Quarter	91071	133434	147
4th Quarter	135717	196429	145

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1951 Production

Gross production in terms of delivery prices.

Proportionate participation of the individual plant groups according to production specialty.

Status as of 31 December 1951

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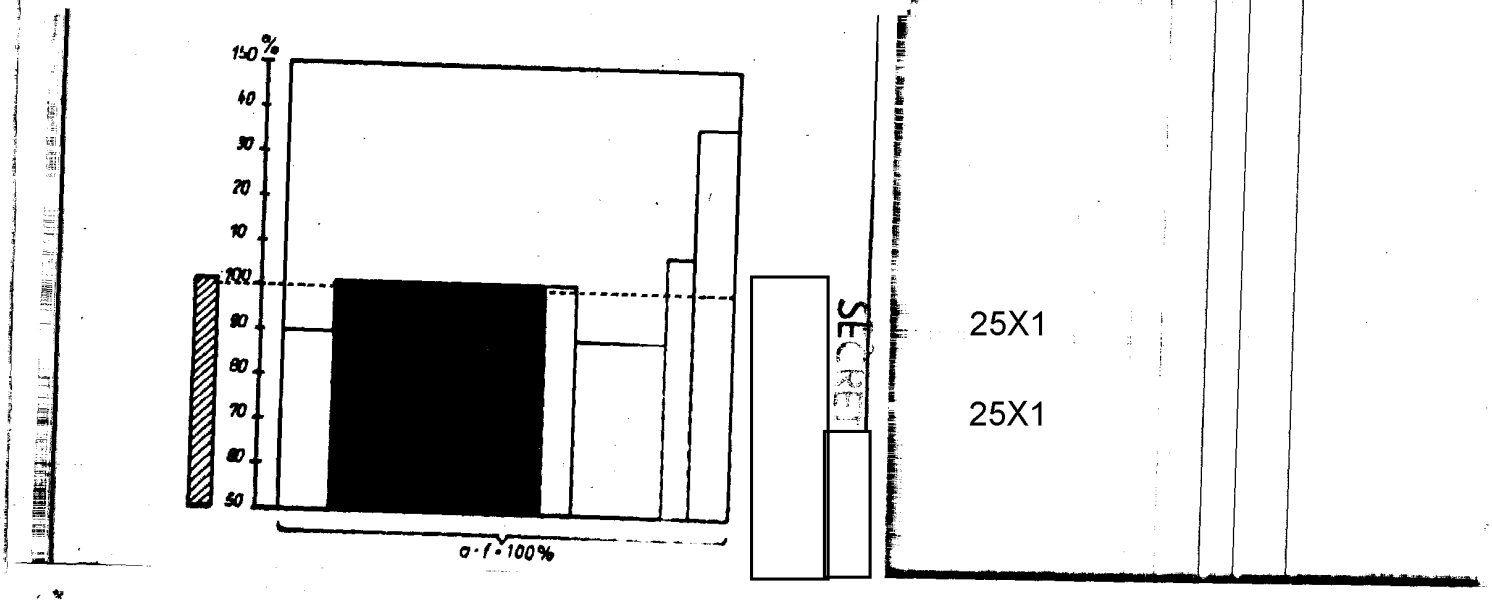

Percentage participation of the production-specialty plant groups in the fulfillment of the Plan.

1951 Production in Thousands of Deutsche Marks

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Production Specialty	Plan Quota	%Share in Plan	Production Fulfillment	% Share in Production	Fulfillment in %
Communications Equipment	18550	11.0	16939	10.0	90
Radio Engineering	18812	46.9	79523	46.8	101
Electrical Signaling Equipment	11943	7.1	12074	7.1	101
Structural Units	33750	20.0	29969	17.6	89
Vacuum Technique	10106	6.0	10937	6.4	108
Construction of Installations	15039	9.0	20608	12.1	137
Total for VVB RFT	168200	100.0	170050	100.0	101

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1951 Production
Gross production in terms of delivery prices

Comparison showing increase over 1950
Values are for the period 1 January-31 December XXX
for each year.

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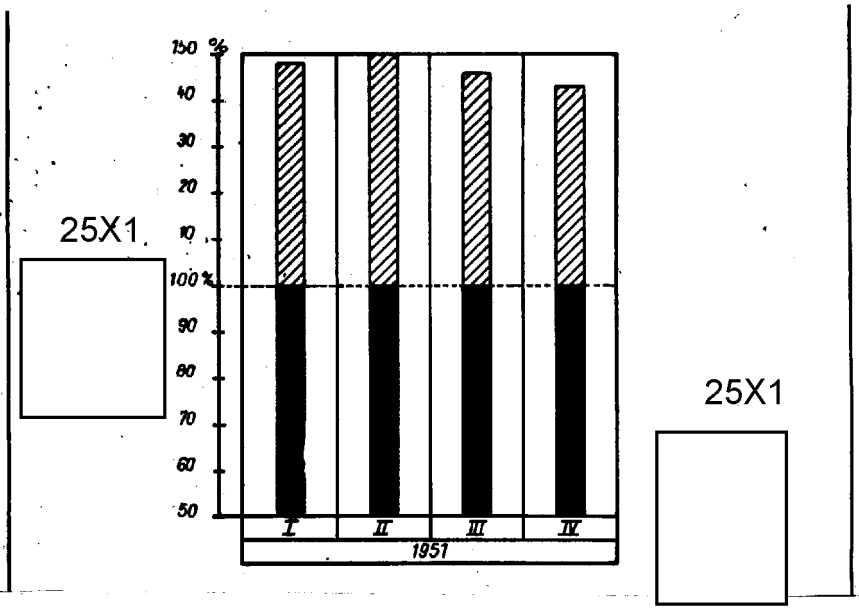

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Gross Production in Thousands of Deutsche Marks

	1950	1951	Increase in %
1st Quarter	24329	36069	148
2nd Quarter	50137	75825	151
3rd Quarter	79328	115968	146
4th Quarter	116785	170050	145

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Personnel Strength in 1951

Comparison of Planned and Actual Number of Personnel (Male, Female, Apprentices, and Activists)

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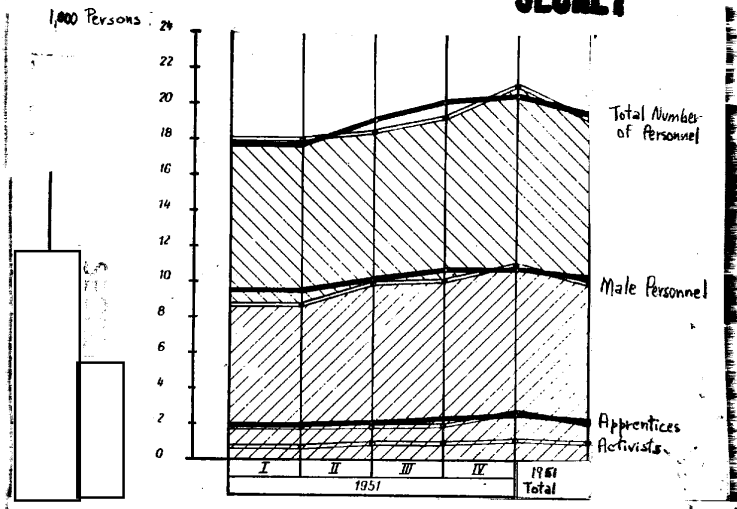

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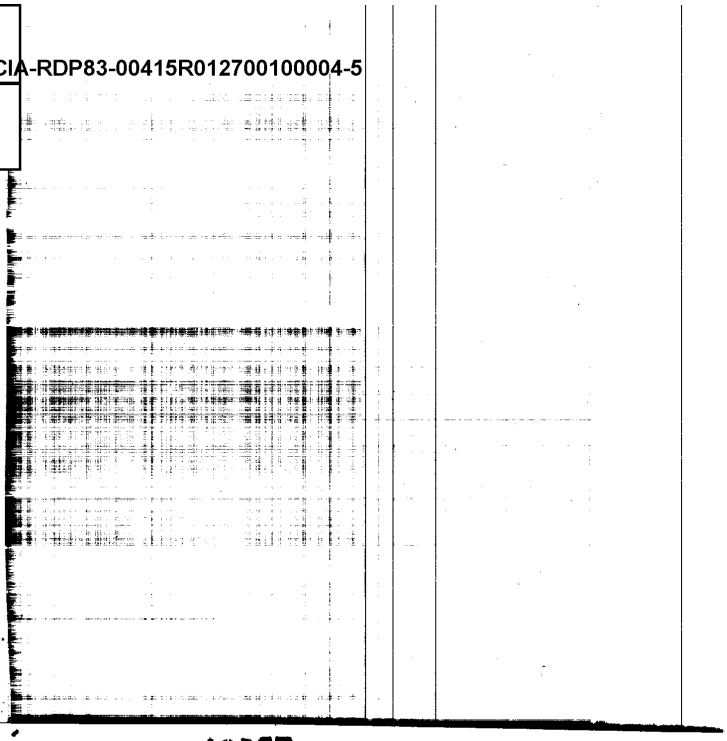

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Quota for total personnel

Actual number of total personnel

Activists

Male personnel

Female personnel

Personnel Strength

	Total No.	Fulfillment in %	Male Personnel	Fulfillment in %	Female Personnel	Fulfillment in %	Apprentices	Fulfillment in %	Activists (No.)	Activists in % of total personnel
1st Quarter										
Quota	17761	[redacted]	9555		8206		1987		[redacted]	[redacted]
Actual No.	18078	102	8622	90	9456	115	1981	100	686	3.8
2nd Quarter										
Quota	19163		10163		9000		2037	[redacted]	[redacted]	[redacted]
Actual No.	18486	96	9934	96	8552	95	1898	93	886	4.8
3rd Quarter										
Quota	20178		10639		9539		2326			
Actual No.	19278	96	10026	94	9252	97	1979	85	909	4.7
4th Quarter										
Quota	20538		10653		9885		2458			
Actual No.	21008	102	10987	103	10021	101	2573	105	1116	5.3
1951 Total										
Quota	19410		10255		9155		2202			
Actual No.	19212	99	9892	96	9320	102	2107	96	1116	5.8

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Since a sales plan was not established within the VEB(People-Owned Enterprise) Plan for 1951, no quota figures are available. For this reason, the actual-fulfillment figures for sales effected within the GDR(German Democratic Republic) were also used as the quota figures, so that a total quota for sales could be arrived at. Thus, the sales are analyzed, on the one hand, on the basis of consumer groups and, on the other hand, on the basis of production-specialty plant groups. In comparison with 1950, there was a 269 percent increase in VVB RFT exports.

Communications Equipment

A considerable number of the carrier-frequency apparatuses were exported to the USSR and the People's Democracies of Poland and Czechoslovakia.

Radio and Measuring Equipment

Because of the shortage of structural units and the delay in the procurement of complete tube units, there was temporarily an unreal goods surplus in domestic trade.

Structural Units

The industrialization in the People's Democracies requires an increase in the export of resistors and condensers. This necessitates a production increase, so that the domestic industry will not be threatened [with a shortage of parts].

Vacuum Technique

The stocks of miniature and special lamps remaining in the plants reached the millions, since private enterprises produced in addition about 12,000,000 miniature lamps, without any intervention on the part of the State Plan Control Office. Furthermore, the miniature lamps produced for West German orders could not be delivered, so that a special sales campaign was conducted jointly by the DHZ (German Trade Center) and the VVB RFT.

Plants for the Construction of Installations

The participation of these plants in the indirect-reparations orders involved the construction of pyrometric installations and various types of equipment for ships. Poland placed an initial order for two "Verstaerkerwagenzuege" /?/,

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which was handled jointly by the RFT plants and the ABB's(plants for the construction of installations). A follow-up order from Poland for three additional "Wagenzuege" /?/ has been received.

The participation of the ABB's in orders for domestic industry involves the construction of installations in the fields of communications and radio engineering, electroacoustics, transmission and testing techniques.

Analysis of Exports

The efforts of the VVB RFT plants to increase exports must receive better support, in that the lengthy administrative processing of applications for the reduction of prices must be cut down. Since our exports must be adjusted to the world market, subsidies which would otherwise be unnecessary are required, which often complicate negotiations with foreign countries.

Participation in and attendance at foreign fairs is to be encouraged. In this connection, it is emphasized that, in addition to selected permanent representatives (Standpersonal), the utilization of the qualifications of technical intelligentsia is to be made possible through short-term visits to these fairs for the purpose of analyzing the status of technology in foreign countries.

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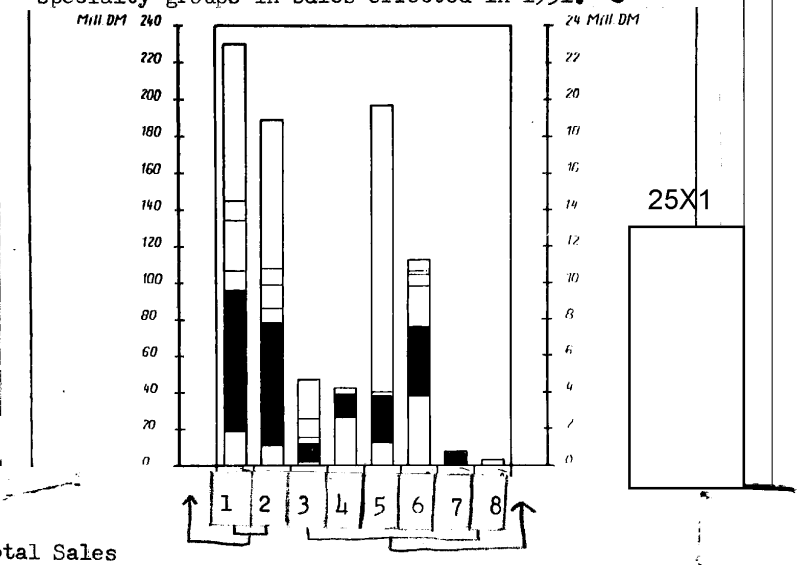
Sales in 1951

Proportionate participation of the production specialty groups in sales effected in 1951.



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1 = Total Sales
2 = Domestic Sales (German Democratic Republic only)
3 = Indirect Reparations
4 = Exports to USSR
5 = SAG(Soviet Corporation) orders
6 = Exports to People's Democracies
7 = Exports to capitalistic countries
8 = Interzonal trade

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TDM = thousands of Deutsche marks
1 = Total for VVB RFT
2 = Communications Equipment
3 = Radio Engineering
4 = Electrical Signaling Equipment
5 = Structural Units
6 = Vacuum Technique
7 = Construction of Installations

	1		2		3		4		5		6		7	
	TDM	%	TDM	%	TDM	%	TDM	%	TDM	%	TDM	%	TDM	%
Total Sales														
Quota	232126.4	-	18956.0	-	77574.7	-	10500.5	-	29414.7	-	10196.3	-	85484.2	-
Actual	230375.2	99	18685.3	99	77233.6	100	10498.5	100	28275.6	96	10198.0	100	85484.2	100
Sales in GDR														
Quota	189361.1	-	11015.2	-	67692.1	-	7812.4	-	12759.2	-	9300.3	-	80781.9	-
Actual	189361.1	100	11015.2	100	67692.1	100	7812.4	100	12759.2	100	9300.3	100	80781.9	100
Indirect Reparations														
Quota	4970.4	-	12.9	-	1302.4	-	260.3	-	1235.7	-	3.6	-	2155.5	
Actual	4740.0	95	12.8	99	1171.3	90	260.2	100	1136.6	92	3.6	100	2155.5	100
Export to USSR														
Quota	4265.1	-	2672.5	-	1269.4	-	-	-	323.2	-	-	-	-	-
Actual	4231.8	99	2672.5	100	1269.4	100	-	-	289.9	90	-	-	-	-
SAG orders														
Quota	20591.6	-	1462.8	-	2592.6	-	241.3	-	13960.7	-	413.4	-	1920.8	-
Actual	19693.8	96	1287.6	88	2520.3	97	239.4	99	13310.5	95	415.2	100	1920.8	100
Exports to People's Democracies														
Quota	11912.5	-	3790.1	-	4060.8	-	2163.8	-	1135.0	-	136.8	-	626.0	-
Actual	11322.8	95	3694.7	97	3923.1	97	2163.8	100	778.5	69	136.7	100	626.0	100
Exports to Capitalistic Countries														
Quota	738.6	-	-	-	656.9	-	-	-	-	-	81.7	-	-	-
Actual	738.6	100	-	-	656.9	100	-	-	-	-	81.7	100	-	-
Interzonal Trade														
Quota	287.1	-	2.5	-	0.5	-	22.7	-	0.9	-	260.5	-	-	-
Actual	287.1	100	2.5	100	0.5	100	22.7	100	0.9	100	260.5	100	-	-

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VVB RFT

Work Productivity in 1951

Values are for the period 1 January-31 December 1951

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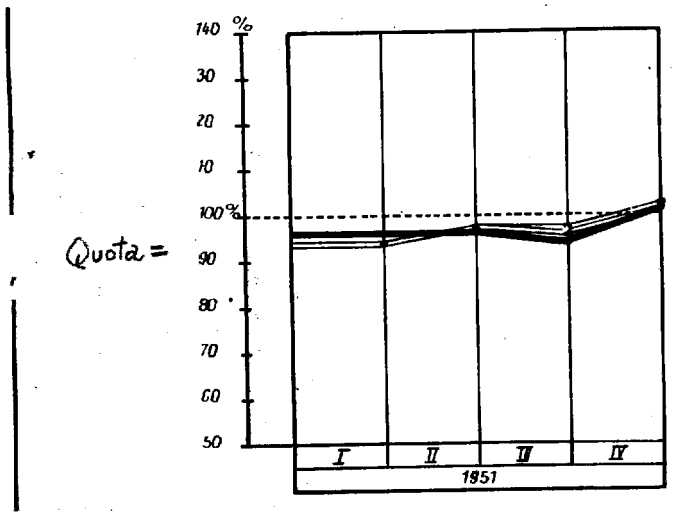

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Gross production (constant prices)

Gross production per worker /i.e., gross production divided by total number of workers in any way involved in the production process/

Gross production per productive worker /i.e., gross production divided by total number of persons directly involved in production/

	Production in Thousands of Deutsche Marks	Fulfillment in %	Total No. of Workers	Fulfillment in %	No. of Productive Workers	Fulfillment in %	Work Productivity in Deutsche Marks: Per Worker	%	Per Productive Worker	%
1st Quarter										
Quota	42593.5		17361		11226		2453		3794	
Actual	40754	96	17734	102	11455	102	2298	94	3558	94
2nd Quarter										
Quota	90208		18050		11760		4998		7671	
Actual	86719	96	17917	99	11624	99	4840	97	7460	97
3rd Quarter										
Quota	141762.5		18614		12184		7615		11635	
Actual	133434	94	18238	98	11828	97	7316	96	11281	97
4th Quarter										
Quota	195150		18981		12331		10281		15826	
Actual	196[illegible]	101	18825	99	12140	98	10434	101	16180	102

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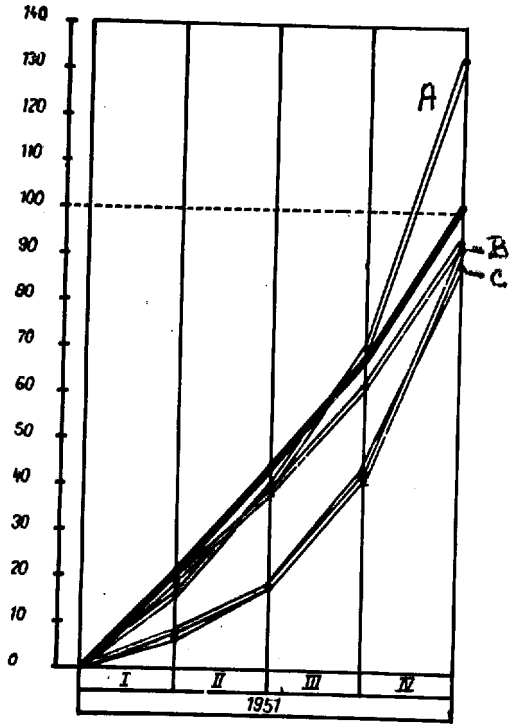
Graph II

Fulfillment of the Plans in %

Production Production costs

A = Finances B = Investments C = Development work



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1951 Development Work at the "Ready-for-Production" Stage in Percent of Total Development Work

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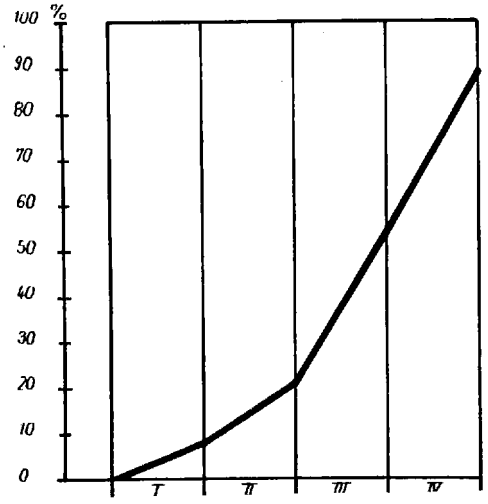

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Development Work Ready for Production (in thousands of Deutsche marks)

	Quota	Fulfilled	% of Annual Quota
1st Quarter	quota	170	69	8
2nd Quarter	"	392	186	21
3rd Quarter	"	467,9	484	54
4th Quarter	"	892	791	89

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VVB RFT

1951 Production Costs in Percent of the Annual Quota for Production Costs [Costs of production plus overhead?]

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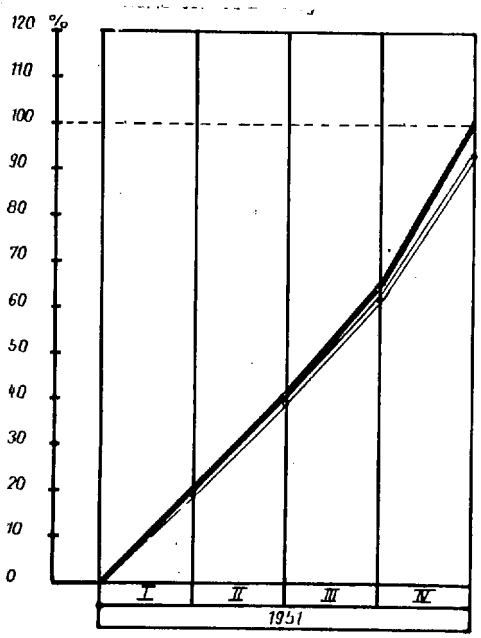
Values are for the period 1 January-31 December 1951.



Planned Production Costs = 100 %

Actual Production Costs

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Reduction of Production Costs in Thousands of Deutsche Marks since 1 January 1951

	Planned Production Costs	Actual Production Costs	In % of quarter quotas	In % of annual quota	Reduction in %
1st Quarter	43186.9	42314.3	98.0	19.4	2.0
2nd Quarter	89928.0	86208.0	95.9	39.5	4.1
3rd Quarter	141980.8	135520.4	95.4	62.1	4.6
4th Quarter	218153.5	203995.6	-	93.5	6.5

25X1

The actual costs for the production of goods were 6.5 percent less than the planned production costs.

For comparable production, the reduction in production costs (in excess of planned reduction) amounts to 8.2 percent /as compared with the previous year?/.

This reduction was achieved by the use of new work methods in production, by the fulfillment of the Activist plans, by the introduction of personal accounts /for the use of materials/, and by the use of the short-term Losinski accounting methods since June 1951.

25X1

Up to now, a clumsy method of financing and the bottlenecks in the procurement of prerequisite materials(e.g., tubes) have obstructed the steady accomplishment of development work. Because of long preparation periods and uncertainty with respect to decisions on development-work requests, the plans were constantly unreliable.

The utilization of development capacity was irregular in the individual development centers as well as in continuity in 1951.

Financial difficulties arose as a result of work on assigned important development projects which were either not financed at all or were not financed at the proper time. Because of inadequate financial means, the development centers, to some extent, had to be employed on other projects.

The intervention of Minister Ziller was necessary in order to avoid detrimental effects.

The low figures shown in the graphs for fulfillment in the first quarter are attributed to the limited use which could be made of the funds furnished in the first development period. Since these funds were specified in the Plan, they could not be used for projects which were not financed.

The chief reason for nonfulfillment of the Plan (88 percent) is the delay in providing financial means.

If the radio and telecommunications industry is to retain and increase its importance, the State Planning Commission must devote more attention to it and must guarantee financing on a much larger scale. This is all the more essential, for it is in the production specialties of this very industry that rapid advancement possibilities exist in the world market, and the development work of today represents the exports of tomorrow.